



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, November 18, 2014

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

PRESENT: David Scholefield, Chairperson
Tom Enders, Vice-Chairperson
Ace Bailey
Camille Hill
Ren Hirose
Robert McCreary

ABSENT: Carl Grupp

STAFF: Steve Geiogamah
Holli Shannon
Paul Katsenes
Jeff Nichols
Lee Guillory
Paul Basha
Ben Moriarity
Brad Lundhal
Gary Meyers
Derek Earle

GUESTS: Rachel Sacco, SCVB
Rachel Pearson, SCVB
Sandy Schenkat
David Smith
Mike Mayer

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:04 a.m.

2. Approval of Minutes

- September 16, 2014 Regular Meeting

COMMISSIONER HIROSE MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 16, 2014 REGULAR MEETING AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

- October 21, 2014 Regular Meeting

COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE OCTOBER 21, 2014 REGULAR MEETING AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

- November 3, 2014 Joint Meeting

COMMISSIONER HIROSE MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 3, 2014 JOINT MEETING AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that bed tax collections were up 8% for the month of September, and up 9% for the year. The limited service hotel sector is trending up 13.6% YTD.

b. Bed Tax Proforma

Mr. Geiogamah explained that the proforma was updated to include additional events that were recommended last month and approved by City Council. Chairperson Scholefield requested that any new or changed entries be bolded in future editions of the proforma.

c. Smith Travel Report

Mr. Geiogamah reported that year to date occupancy is up 2.8%. The average daily rate is up 6.6%, and RevPar is up 9.4%. September's numbers in all three indicators are strong.

d. Program Updates

Mr. Geiogamah said the Event Committee recommended three events for funding. The Scottsdale Culinary Festival was approved for community event funding in the amount of 15,000. The Sun Circuit Quarter Horse Show was recommended to receive Event

Support Funding Program in the amount of \$15,000. Celebration of Fine Art event was recommended to receive Event Support Funding Program in the amount of \$15,000. Staff is working with the producer of the Celebration of Fine Art to further refine their marketing objectives.

Brad Lundhal, Government Relations Director, provided an overview of the Arizona Council for International Visitors (ACIV), formerly known as the World Affairs Council, an affiliate of the U.S. Department of State. They are responsible for bringing international visitors to the region and are based in Scottsdale. ACIV provides cultural and hospitality opportunities to foreign leaders and dignitaries. For example they might bring people from arid regions to study how Arizonans deal with living in a desert environment.

Scottsdale has had a contract with ACIV since 1994, and is currently under a two-year contract that was renewed by City Council on June 18, 2013. The contract was approximately \$30,000 per year, but was raised to \$75,000 per year in order to seek grants and other funding mechanisms that would elevate their status with the State Department, and in turn attract more international visitors to Scottsdale. City Council approved that raise, but requested that bed tax be used for this purpose in the future instead of General Fund money. The City Manager's Office determined that since much of what ACIV does brings people to Scottsdale, that the use of bed tax for the final year of the contract would be appropriate.

Mr. Lundahl said staff is evaluating the new terms and conditions in the contract, and stipulations have been added. He described three possible outcomes for moving forward. The first outcome is that ACIV becomes successful enough to self fund. The second is that funding be reduced to the \$30,000 level it was at previously. The third outcome is that ACIV could bring in many visitors but still not become self sustaining. In that case, Scottsdale may provide additional funding at the \$75,000 level for the next term of the contract.

Commissioner Hirose inquired about the number of visitors that were attributed to ACIV. Mr. Lundahl responded that according to information provided prior to the last contract renewal, they had brought in approximately 600 visitors from 33 countries over a two year period, and most of them stayed in Scottsdale.

In response to an inquiry from Chairperson Scholefield, Mr. Lundahl explained that the initial year of the two-year contract was approved with General Fund money, while the second year would be funded by bed tax. Chairperson Scholefield felt that the visitors would be more appropriately regarded as learners rather than tourists. He requested that any further proposals to fund ACIV be brought before the TDC prior to going to City Council. Mr. Lundahl said that would definitely be the case next time.

Commissioner Hirose inquired how ACIV arrived at their \$75,000 request. Mr. Lundahl responded that they determined the amount they would need to reach the next level with the State Department. The terms of the new contract requires ACIV to bring in 700 visitors over two years.

Mr. Geiogamah reviewed the Tourism Department Open House, which took place on September 23. The goal of the event was to introduce the new location, and provide

information on department services and programs. Forty-five people attended. Paul Katsenes said staff has been following up with the new contacts that were made.

4. Annual Planning December Work Study Session

Mr. Geiogamah presented a revised agenda for the December 16 TDC work study session, based on Commissioner input. Item 7 was added to discuss events. City staff will moderate the proceedings. Chairperson Scholefield inquired whether the Commission would have an opportunity to discuss the gift clause in a detailed fashion. Mr. Geiogamah suggested that topic be added to Item 5.

**COMMISSIONER ENDERS MOVED TO APPROVE THE AGENDA AS AMENDED.
COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED UNANIMOUSLY
BY A VOTE OF SIX (6) TO ZERO (0).**

5. Day Tripper Trolley Program

Paul Basha, Transportation Director, reported that the City received no proposals for private ownership and operation of the Day Tripper. There were two major issues. All available trolleys have been reserved for the two weeks prior to the Super Bowl. The \$270,000 budget was also seen as simply too small an amount to provide the service. The Day Tripper will be provided starting in late December 2014 and continue through late March 2015, using City-owned vehicles. Fifteen-minute service will be provided from about 11 a.m. to 9 p.m. Last year, service was provided from 11 a.m. to 10 p.m., but the last hour of the day had the lowest ridership numbers. This reduction was necessary to provide 15-minute service within budget. The extra hour of service each day would have required purchasing another vehicle. Chairperson Scholefield requested that the Transportation Department participate in the ridership survey.

6. Event Development Program – Group Meeting

Mr. Geiogamah said the Event Working Group met on November 3 to review a position paper provided by PLACES Consulting. The paper concluded that:

- The decision to appropriate funds should be based on a destination-based cost/benefit analysis.
- The destination should be careful when appropriating subsidies as the destination may be negotiating with businesses in the destination as well as meeting organizations.
- In certain circumstances, destination involvement can be appropriate when the direct or indirect benefits of the business to the destination are significant enough to justify an investment of public funds.

Chairperson Scholefield said it will be important for the TDC to understand room nights in relation to the gift clause.

7. Civic Center Mall Project

Mr. Geiogamah requested that the TDC consider a recommendation that City Council allocate bed tax carryover funds not to exceed \$300,000 to support costs associated with the Civic Center Design Review Plan and recommend an allocation of \$600,000 toward multi-year debt commitment in support of Civic Center Mall improvement construction costs.

Mr. Geiogamah said a number of improvements have taken place to the Mall over the past three decades, including some design changes and art installations. Design master plans have been presented to the public but ultimately failed as bond proposals, most recently in 2011. In 2012, the Scottsdale Cultural Council, Tourism Advisory Task Force and City staff began discussions to upgrade the Mall. The goal of the proposed 2014 Civic Center Mall Project is to enhance infrastructure, and to create a center for community activities and an event-ready venue that will allow the destination to compete in attracting large-scale tourism driven events.

Mr. Geiogamah stated that the scope of work will include consideration for permanent staging and equipment, increased storage facilities, low-maintenance landscaping alternatives, event signage and wayfinding improvements, enhanced lighting, and power source improvements.

Gary Meyer, Project Manager, said that once City Council approves funding for the project, a Design Concept Report would be produced, which represents about a 30% plan. Those refined concepts would proceed through the municipal master site plan process, which is essentially a zoning process for City projects that features good public involvement. Final construction documents, bids, and permits would proceed on the funded portion of the project. Construction would take approximately six months. The entire process takes about 20 months. Several related infrastructure needs must also be addressed.

Commissioner Hill said this project cannot come soon enough. She cautioned that any permanent staging would make the space less flexible. She suggested involving event producers in the planning process to ensure that their needs are met in the final product. She inquired why this venue funding request was being brought before the TDC. Mr. Geiogamah explained that Tourism Program objectives include research administration, events and event development, marketing, as well as tourism-related capital projects using bed tax funds. Since this project has tourism impacts and event elements, it would be an appropriate use of bed tax allocations. Staff will continue to consider other funding sources as the project moves forward.

Commissioner McCreary concurred that a permanent stage could develop into a big problem later on. There are flexible, portable stages that could be used instead. Mr. Geiogamah said the development of the scope of work will involve input from event producers.

Chairperson Scholefield asked whether the venue would be able to serve up to 25,000 attendees. Mr. Geiogamah explained that 25,000 capacity target was a threshold goal

set in the Tourism Development Strategic Marketing Plan. Commissioner Hirose inquired about public facilities associated with the project. Mr. Meyer responded that the need for public facilities will be assessed during the planning stages. Commissioner Bailey queried whether any thought has been given to changing the name. Mr. Meyer said not yet, but it could be proposed.

Mr. Geiogamah reviewed the funding sources for the project. The carryover fund would support \$300,000, and another \$600,000 in funding is available for a multi-year commitment. Approximately \$1.6 million remains uncommitted at this time, and by the end of this fiscal year it will be \$3.9 million. The target date for presentation to City Council is January 13, 2015.

Chairperson Scholefield inquired about the length of the multi-year commitment. Lee Guillory said typically the City finances 20-year bonds.

Chairperson Scholefield opened the public hearing.

Sandy Schenkat spoke on behalf of Sonnie Kirtley from the Coalition of Greater Scottsdale. She said the Civic Center Mall project has the full support of COGS, and she encouraged the TDC to approve the funding request from the bed tax. The western entry of the Civic Center Mall is poorly designed and fails to encourage visitors to discover its amenities. There is no visibility of the public art and buildings beyond Clayton. The use of the term "mall" suggests to visitors that it is a shopping center. She said the TDC should support the project with an emphasis on redesigning the entryway.

Chairperson Scholefield closed the public hearing.

Mr. Geiogamah clarified that the request is for up to \$300,000 in funding for the design and review. The actual costs could be less. Likewise the full construction costs will be unknown until the design process is complete, but the \$600,000 would ensure that the project can move forward at this time.

COMMISSIONER BAILEY MOVED TO RECOMMEND UP TO \$300,000 FROM THE BED TAX CARRYOVER BALANCE FUNDS AS WELL AS \$600,000 TOWARD A MULTI-YEAR DEBT COMMITMENT FOR CAPITAL PROJECTS. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

8. Scottsdale Museum of the West – Proposed Contract Amendment Update

Ben Moriarity, Downtown Specialist, provided an update on the management agreement with the Scottsdale Museum of the West. The City is looking to amend the matching payment program within the contract. The amendment will not change the budgeted amount within the proforma, but that two sections would be removed. The first section states that the donor must be a family or an individual, while the second section states that the donor must not be part of the museum board or governing body within their first year of serving the museum in order for the donation to be matched. Many donors wanted to donate through an LLC or family trust last year, but could not be considered

for matching dollars per the original agreement. The change will impact last year, meaning that the City could match the \$54,250 that did not qualify under the old terms.

Ms. Guillory clarified that if this action proceeds, the FY2013/14 column of the proforma will not change because it has been finalized. The \$54,250, which was really a match for FY13/14 would have to show in the FY2014/15 column. In addition, if the museum is able to raise the full \$400,000 this year, the City is obligated to match the full \$400,000, so potentially the FY14/15 number could as high as \$454,250.

9. Identification of Future Agenda Items

Mr. Geiogamah stated that the next TDC meeting on December 16 will be a work study session to be held at SkySong from 9 a.m. to noon. Additional items that may be included on future agendas include a discussion on the meeting market related to bed tax use, and an update on the trolley survey.

Chairperson Scholefield said the trolley research will be critical to the Day Tripper's success. He hopes the survey addresses the issues raised by Transportation and the SCVB. He requested that the TDC receive weekly trolley reports during the season, and also requested that the Commission be kept up to date on developments related to the Civic Center Mall.

Commissioner Hirose requested a final update on the ESPN FanFest during the January meeting.

10. Public Comment

Mike Mayer presented a marketing proposal he prepared that could generate several hundred million dollars of additional revenue for the City, and create several thousand jobs. He proposes that the City of Scottsdale take control of wildlife within the McDowell Sonoran Preserve from the Game and Fish Department. If the Preserve becomes known as a place to view wildlife, it would create substantial economic activity for Scottsdale and the surrounding area.

11. Adjournment

The meeting adjourned at 9:02 a.m.

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